

# Audit Report



MANAGEMENT CONTROLS OVER NATIONAL DRUG CONTROL  
PROGRAM FUNDS MANAGED THROUGH THE  
DOD CENTRAL TRANSFER ACCOUNT

Report No. D-2000-145

June 9, 2000

Office of the Inspector General  
Department of Defense

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### **Acronyms**

CBAS	Command Budget Automated System
CNCMS	Counternarcotics Command and Management System
CMIS	Counterdrug Management Information System
DEP&S	Drug Enforcement Policy and Support
FAD	Funding Authorization Document
GBEGO	Ground Based End Game Operations
JIATF-E	Joint Interagency Task Force East
JTF-6	Joint Task Force Six
MAMSCO	Modified Army Management Structure Code
MIPR	Military Interdepartmental Purchase Request
ONDCP	Office of National Drug Control Policy
RDT&E	Research, Development, Test, and Evaluation
SAAMSS	Security Assistance Army Management System
SABERS	State Accounting and Budget Expenditure Reservation System
SATFA	Security Assistance Training Field Activity
STANFINS	Standard Finance System



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-2885

June 9, 2000

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
DEPUTY ASSISTANT SECRETARY OF DEFENSE (DRUG  
ENFORCEMENT POLICY AND SUPPORT)

SUBJECT: Audit Report on the Management Controls Over National Drug Control  
Program Funds Managed Through the DoD Central Transfer Account  
(Report No. D-2000-145)

We are providing this report for your information and use. This audit was required by the Office of National Drug Control Policy Reauthorization Act of 1998. We considered management comments on a draft of this report when preparing the final report.

Management comments conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Robert Murrell at (703) 604-9210 (DSN 664-9210) (rmurrell@dodig.osd.mil) or Mr. Albert Putnam at (703) 604-8779 (DSN 664-8779) (aputnam@dodig.osd.mil). See Appendix G for the report distribution. The audit team members are listed inside the back cover.

*David K. Steensma*

David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

## **Office of the Inspector General, DoD**

**Report No. D-2000-145**

(Project No. D1999LH-0043)

(Formerly Project No. 9LH-5032)

**June 9, 2000**

### **Management Controls Over National Drug Control Program Funds Managed Through the DoD Central Transfer Account**

#### **Executive Summary**

**Introduction.** This audit was required by the Office of National Drug Control Policy Reauthorization Act of 1998 (Public Law 105-277). Under the Act, Congress reauthorized the Office of National Drug Control Policy for 5 years and significantly increased its authority and responsibilities.

Section 705 of the Act requires Federal agencies involved in the National Drug Control Program to submit to the Director, Office of National Drug Control Policy, no later than February 1 of each year a detailed accounting of funds expended during the previous fiscal year. The Act further states that the reports will be authenticated by the Inspector General of the respective Federal agency. The Director is required to submit the consolidated report to Congress no later than April 1 of each year. To implement the requirement, the Office of National Drug Control Policy issued a circular in December 1999 that prescribes the information that the report should contain.

The DoD counterdrug program is administered by the Office of the Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support). The DoD counterdrug program is controlled and funded through the Central Transfer Account. When the budgeted counterdrug funds are received, they are placed in the Central Transfer Account and subsequently reprogrammed to the Services, Defense agencies, and the National Guard Bureau (Defense Components) responsible for executing the DoD counterdrug program. The DoD counterdrug program for FY 1999 was funded at about \$820.6 million. DoD received about \$775.6 million in National Drug Control Funds, and reprogrammed an additional \$45 million from the Defense Working Capital Fund into the Central Transfer Account to augment counterdrug funding to support the withdrawal and reconstruction of forces from Panama.

The Services also receive operating tempo funds for the counterdrug program. Those funds cover flying and steaming hours. The Services receive and control the operating tempo funds directly and not through the Central Transfer Account. Therefore, operating tempo funds were not included in our review. The Services reported \$120.5 million in operating tempo counterdrug obligations during FY 1999.

**Objectives.** Our audit objective was to evaluate management controls over the obligation of DoD National Drug Control Program funds managed and reprogrammed through the Central Transfer Account to determine whether the controls ensured that the funds were obligated for the purpose intended by Congress.

**Results.** Management controls over the National Drug Control Program funds received by DoD and managed through the Central Transfer Account were reasonable. However, the manual process used to prepare the DoD annual report to the Office of National Drug Control Policy on funds obligated was not linked to the official accounting records. In addition, all of the DoD official accounting systems used by the activities reviewed are not in compliance with applicable Federal and DoD requirements. As a result, the Inspector General, DoD, could not attest to the accuracy of the annual report as required by Public Law 105-277. See the Finding section for details.

**Recommendation.** We recommend that the Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) coordinate with the Under Secretary of Defense (Comptroller) to ensure that when the DoD accounting systems are upgraded or replaced to become compliant with applicable Federal and DoD requirements, those systems can produce the source data necessary for preparing the annual report to the Office of National Drug Control Policy required by Public Law 105-277.

**Management Comments.** The Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) concurred and stated that the Office of Drug Enforcement Policy and Support would coordinate with the Under Secretary of Defense (Comptroller) to ensure that the DoD accounting systems will produce the source data for the annual counterdrug report to the Office of National Drug Control Policy. A discussion of management comments is in the Finding section of the report, and the complete text of the management comments is in the Management Comments section.

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## Background

**Public Law 105-277.** The Office of National Drug Control Policy Reauthorization Act of 1998 (Public Law 105-277) requires all Federal agencies that receive National Drug Control Program funds to provide a detailed accounting of the prior fiscal year funding to the Office of National Drug Control Policy (ONDCP) by February 1 of each year. The Act also requires the respective agency's Inspector General to authenticate the report prior to submission to ONDCP. To implement the requirement, "ONDCP Circular: Annual Accounting of Drug Control Funds" was issued December 17, 1999. The circular prescribes the form and content of how the report should be presented.

**National Drug Control Program.** ONDCP is responsible for setting priorities, implementing a national strategy, and certifying Federal drug control budgets. ONDCP is also responsible for ensuring that all Federal agencies with counterdrug programs spend their counterdrug funds in compliance with the agencies' approved budgets and in compliance with the National Drug Control Strategy. The National Drug Control Strategy provides a comprehensive plan to reduce drug use through treatment and prevention and to attack the supply of drugs through law enforcement and international cooperation.

**DoD Counterdrug Program.** DoD receives National Drug Control Program funds and executes those funds through the DoD counterdrug program. The Office of the Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) (DEP&S) is responsible for administering the DoD counterdrug program and ensuring that it conforms to the National Drug Control Strategy. The functions of the DoD counterdrug program include drug testing of military and civilian personnel; providing assistance, training, and support to law enforcement agencies; intelligence gathering and analysis; educating youth to reject drugs; and detecting and monitoring drug trafficking routes. The counterdrug program is controlled and funded through the Central Transfer Account. In FY 1999, the DoD counterdrug program, funded through the Central Transfer Account, totaled \$820.6 million. DoD received about \$775.6 million in National Drug Control Program funds and reprogrammed an additional \$45 million from the Defense Working Capital Fund to augment counterdrug funding to support the withdrawal and reconstruction of forces from Panama. In addition, the Services receive operating tempo funds for the counterdrug program. Those funds cover flying and steaming hours. The Services receive and control the operating tempo funds directly and not through the Central Transfer Account. Therefore, operating tempo funds were not included in our review. The Services reported \$120.5 million in operating tempo counterdrug obligations during FY 1999.

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## Objectives

The audit objective was to evaluate the management controls over the obligation of DoD National Drug Control Program funds to determine whether the controls ensure that the funds were obligated for the purpose intended by Congress. Specifically, we reviewed the management controls over DoD National Drug Control Program funds managed and reprogrammed through the Central Transfer Account to the Services, Defense agencies, and the National Guard Bureau (DoD Components). See Appendix A for a discussion of the audit scope and methodology and prior coverage.



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## **Management Controls Over DoD Counterdrug Program Funds Managed Through the Central Transfer Account**

Management controls over the National Drug Control Program funds received by DoD and managed through the Central Transfer Account were reasonable. However, the manual process used to prepare the DoD annual report to ONDCP on funds obligated was not linked to the official DoD accounting records. The source data that DEP&S used to manually prepare the DoD FY 1999 annual report was submitted by a number of Defense Components. There was no identifiable audit trail linking the source data to official DoD accounting systems. In addition, all of the DoD official accounting systems used by the activities reviewed are not in compliance with applicable Federal and DoD requirements. As a result, the Inspector General, DoD, could not attest to the accuracy of the annual report as required by Public Law 105-277.

### **Central Transfer Account**

Management controls over the National Drug Control Program funds received by DoD and managed through the Central Transfer Account were reasonable. The Central Transfer Account was used by DoD to separate, account for, and distribute the DoD counterdrug budget to the Defense Components responsible for execution of the counterdrug budget. The counterdrug budget is received as a single line budget item with no appropriation type. The funds are placed in the Central Transfer Account. Periodically, DEP&S initiates reprogramming actions that provide funding to the various Defense Components. The funds are reprogrammed to specific counterdrug projects, and identified by appropriation type (Military Personnel; Operation and Maintenance; Procurement; or Research, Development, Test, and Evaluation [RDT&E]). The counterdrug funds are reprogrammed to about 18 Defense Components by project code. The Defense Components then transfer the funds to their subordinate commands and organizations that have responsibility for budget execution. Each DoD counterdrug mission or function is identified by a DoD counterdrug project code. A project code is a four-digit number assigned by DEP&S and is used for internal budgetary control purposes. The Defense Components do not have the authority to transfer funds from one project code to another unless they request and receive prior approval from DEP&S. Reprogramming actions over \$5 million must be approved by ONDCP before they notify Congress. The breakdown of DoD counterdrug funding by Defense Component and appropriation type is shown in Table 1.

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**Table 1. FY 1999 DoD Counterdrug Funding by Appropriation**

<u>Defense Components</u>	<u>In millions</u>				<u>Total</u>
	<u>MILPERS</u>	<u>O&amp;M</u>	<u>Procurement</u>	<u>RDT&amp;E</u>	
Army	\$ 7.4	\$147.4	\$10.0	\$ 0.8	\$165.6
Navy	11.1	132.2	24.3	24.8	192.4
Air Force	2.9	113.0	3.4	0.4	119.7
National Guard Bureau	181.4	35.5	5.5	0	222.4
Other Defense agencies	0	88.0	27.0	5.5	120.5
<b>Total</b>	<b>\$202.8</b>	<b>\$516.1</b>	<b>\$70.2</b>	<b>\$31.5</b>	<b>\$820.6</b>

MILPERS     Military Personnel  
O&M         Operation and Maintenance

## Reporting of Obligations

The manual process used by DoD to accumulate the counterdrug obligation data and prepare the DoD annual report to ONDCP was not linked to the official DoD accounting records. However, until the DoD accounting systems become compliant with applicable Federal and DoD regulations, improving the process is not a near-term obtainable goal. The DoD systems we reviewed did not have detailed transaction ledgers to support the cumulative account totals. In addition, because the Defense Components used a number of different systems, DEP&S was forced to rely on data provided by the Defense Components to prepare its year-end obligation report to ONDCP. The Defense Components provide monthly reports to DEP&S showing total obligations by project code. Those reports are cumulative, and DEP&S used the September 30, 1999, report to prepare the DoD FY 1999 annual report to ONDCP. The report satisfied the reporting requirements of Public Law 105-277. The source data for the report were provided by the Defense Components responsible for budget execution. Because the source data for the year-end report did not have identifiable audit trails that linked them to the accounting systems that produced the information, and because the DoD accounting systems were non-compliant, we were not able to attest to the accuracy of the DoD FY 1999 annual report. We were, however, able to attest to the reasonableness of the methodology used by DoD in controlling the execution of the DoD counterdrug budget. See Appendix B for our attestation report.

Until such time as the data in the DEP&S year-end report can be traced to official DoD accounting systems, and the accounting systems can produce audit trails to support verification tests, the Inspector General, DoD, will not be able to attest to the accuracy of the DoD annual report to ONDCP.

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## Army Management Controls

Management controls over Army counterdrug funding were reasonable. The Office of the Deputy Chief of Staff for Operations and Plans (Army Staff) is responsible for receiving, monitoring, and controlling the counterdrug budget execution for the active Army and the Army Reserve. The Army receives funding authority from DEP&S by project code and appropriation type. A funding authorization document (FAD) is then prepared that transfers the funds to Army Major Commands. The Major Commands in turn prepare FADs, which give obligation authority to the subordinate units that execute the budget. The counterdrug funds are specifically identified, have a unique accounting code, and can only be obligated for expenditures relating to that particular counterdrug project code. Counterdrug funds cannot be transferred between project codes without the prior approval of DEP&S. Monthly reports are submitted to the Army Staff through the Major Commands. The Army Staff then consolidates the input into an Army report and forwards it to DEP&S.

The Defense Finance and Accounting Service used the Standard Finance System (STANFINS) and the Standard Operations and Maintenance, Army Research and Development System to process the Army counterdrug accounts for the projects we reviewed. STANFINS does not maintain a detailed transaction ledger after a transaction is closed. An individual transaction is closed when the commitment, obligation, and disbursement amounts are equal. The individual transaction then drops off the system, leaving only the cumulative amount for the particular account. As a result, local procedures had been developed to control and account for detailed transactions and to reconcile the balances in the local records to the obligation amounts recorded in STANFINS. The project tracked by the Standard Operations and Maintenance, Army Research and Development System also had locally developed procedures to account for its obligations.

The Army and Army Reserve were responsible for about 30 counterdrug project codes. During FY 1999, DEP&S transferred about \$165.6 million from the Central Transfer Account by project code to the Army. We reviewed the management controls for five Army counterdrug projects, which received \$74.7 million (45 percent of the Army counterdrug funding), as shown in Table 2. See Appendix C for details of our review.

**Table 2. Army Counterdrug Projects Reviewed**

	<u>Funding</u> (in millions)
Joint Interagency Task Force East	\$36.5
Joint Task Force Six	18.4
Counternarcotics Command and Management System	14.9
Ground Based End Game Operations-Mexico	3.9
Ground Based End Game Operations-Source Nations	1.0
<b>Total</b>	<b>\$74.7</b>

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## Navy Management Controls

Management controls over Navy counterdrug funding were reasonable to ensure that the funds were used only for their intended purpose. The Navy Comptroller receives counterdrug funds from DEP&S on a FAD, identified by project code and appropriation type. The Navy Comptroller then processes the funds for appropriate distribution and electronically communicates the availability of those funds to the Major Commands. When the Major Commands receive notice of the funding, appropriate data is entered into the Navy's accounting system, the Standard Accounting and Reporting System-Field Level, which provides the means to track counterdrug funds through the life cycle of the appropriation at the organization level. The codes used to record those transactions separate the funding by cost and sub-cost centers. The Major Commands may then further suballocate the funding to supporting organizations that execute the budget. Counterdrug funds cannot be transferred between project codes without the prior approval of DEP&S. The supporting organizations provide monthly obligation reports to their Major Commands, which prepare consolidated command reports for DEP&S.

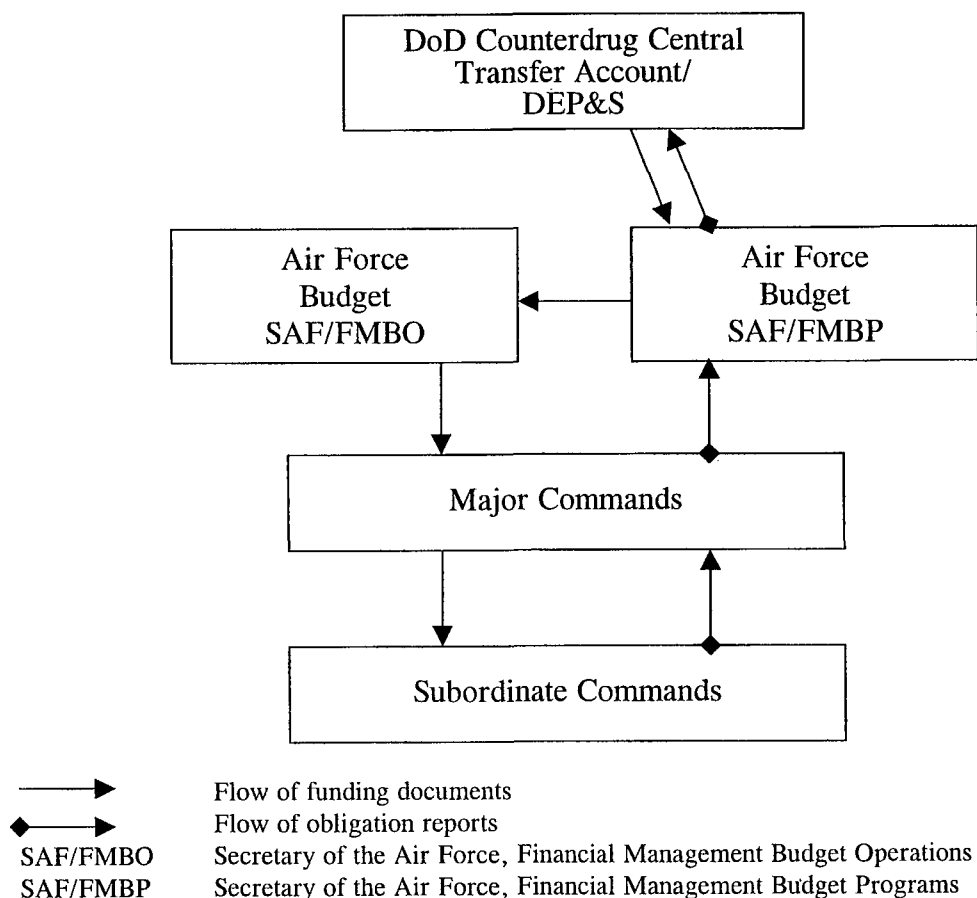
The Navy, Naval Reserve, Marine Corps, and Marine Corps Reserve were responsible for 31 counterdrug project codes. During FY 1999, DEP&S transferred about \$192.4 million from the Central Transfer Account by project code to the Navy. We reviewed the management controls for five Navy counterdrug projects, which received \$86.9 million (45.2 percent) of the \$192.4 million Navy counterdrug funding, as shown in Table 3. See Appendix D for details of our review.

**Table 3. Navy Counterdrug Projects Reviewed**

	<u>Funding</u> (in millions)
Counterdrug Research and Development	\$16.9
Relocatable Over The Horizon Radar	38.6
Ground Based End Game Operations	3.7
Colombia Surveillance Aircraft	8.0
Counterdrug Support for Peru and Colombia	19.7
<b>Total</b>	<b>\$86.9</b>

## Air Force Management Controls

Management controls over Air Force counterdrug funding were reasonable to ensure that the funds were used only for their intended purpose. The following figure shows the flow of funding documents and the reporting of obligations at the Air Force.



## Air Force Counterdrug Funding Process

The Air Force suballocated its funding by project code to commands responsible for counterdrug programs. Counterdrug funds cannot be transferred between project codes without the prior approval of DEP&S. Operating personnel at the commands we visited entered the funds received into the local Command Budget Automated System (CBAS), the Air Force general accounting and finance system, or the Tracs Financial System. The counterdrug program offices and Subordinate Commands used BQ, a subset of CBAS, as their budget execution system to record their funding and obligation targets. All funding documents included a general instruction that the counterdrug funds could not be used for anything other than their intended purposes.

The Air Force and the Air Force Reserve were responsible for 25 counterdrug project codes. During FY 1999, DEP&S transferred about \$119.7 million from the Central Transfer Account by project code to the Air Force and the Air Force Reserve. We did not visit the Air Force Reserve. Seven commands received \$101.8 million of that Air Force counterdrug funding, as shown in Table 4. We reviewed management controls for \$31.3 million, which was about 26 percent of the Air Force counterdrug funding. See Appendix E for details of our review.

**Table 4. Air Force Funds Reviewed**

	In millions	
	<u>Funding Received</u>	<u>Funding Reviewed<sup>1</sup></u>
ACC	\$ 85.5	\$25.0
AETC	5.7	0.1
AFMC	7.8	4.3
AFSAT	1.1	1.1
AMC	1.3	0.4
USCENTCOM	0.1	0.1
USSOCOM	0.3 <sup>2</sup>	0.3 <sup>2</sup>
<b>Total</b>	<b>\$101.8</b>	<b>\$31.3</b>

<sup>1</sup> Funding includes Air Force money used to supplement the counterdrug program.

<sup>2</sup> Does not include an additional \$18.8 million Operation and Maintenance funding and \$14.4 million Procurement funding received directly from DEP&S.

ACC	Air Combat Command
AETC	Air Education Training Command
AFMC	Air Force Materiel Command
AFSAT	Air Force Security Assistance Training
AMC	Air Mobility Command
USCENTCOM	U.S. Central Command
USSOCOM	U.S. Special Operations Command

## National Guard Bureau Management Controls

Management controls over Guard counterdrug funding were reasonable to ensure that the funds were used only for their intended purpose. There are 54 Guard Components (50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands). Our review focused primarily on the Army Guard, as it receives the majority of the counterdrug funding. The Army Guard received about \$160 million (72 percent) of the total \$222 million that the Guard received for the FY 1999 counterdrug program.

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The Army Guard counterdrug obligations and disbursements are recorded and processed through the State Accounting and Budget Expenditure Reservation System (SABERS). The 54 Guard Components enter information into SABERS, and the Defense Finance and Accounting Service uses its Headquarters Accounting and Reporting System, a departmental level reporting system, to extract the data from SABERS and prepare consolidated Army Guard reports. One of those reports, the "218 report," is issued to prepare the Army Guard's year-end counterdrug obligation report sent to DEP&S for use in the DoD annual report.

SABERS does not maintain a detailed transaction ledger. When an individual transaction is closed (the commitment, obligation, and disbursement amounts are equal), the individual transaction drops off the system and all that remains is the cumulative amount for the particular account. As a result, the State Guard Components that we visited relied upon other systems or locally developed procedures to control and account for detailed transactions and to reconcile those balances to the balances recorded in SABERS.

As an additional management control, the Guard implemented the Counterdrug Management Information System (CMIS), which provides detailed accounting of expenditures at the mission level. The system records total mission costs, including pay, Operation and Maintenance expenses, flying hour costs, and travel expenses. It also tracks total number of officer and enlisted staff days expended. That level of detail provides management total visibility of counterdrug expenditures.

The Guard was responsible for 12 counterdrug project codes. We reviewed the management controls at the Florida and Texas Army National Guards. Our review of the controls at those states was performed on the FY 1998 counterdrug program. During FY 1998, those states received about \$21 million in counterdrug funding. See Appendix F for details of our review.

## **Recommendation and Management Comments**

**We recommend that the Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) coordinate with the Under Secretary of Defense (Comptroller) to ensure that when the DoD accounting systems are upgraded or replaced to become compliant with applicable Federal and DoD requirements, those systems can produce the source data necessary for preparing the annual report to the Office of National Drug Control Policy required by Public Law 105-277.**

**Management Comments.** The Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) concurred with the recommendation and stated that coordination with the Under Secretary of Defense (Comptroller) will be accomplished to ensure that the DoD accounting systems will provide the source data for the annual report to the Office of National Drug Policy after the systems become compliant with DoD and Federal requirements.

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# Appendix A. Audit Process

## Scope and Methodology

We used FY 1998 and FY 1999 funding and obligation reports to review management controls over the DoD counterdrug program funds by the Army, the Navy, the Air Force, and the Guard. The audit was conducted at the major DoD Components that received counterdrug funding from DEP&S.

**Army.** We reviewed Army procedures for approving, recording, and reporting obligations of the DoD counterdrug funds at each Army counterdrug organization we visited. We judgmentally selected five Army counterdrug project codes. We reviewed funding and obligation documents, Military Interdepartmental Purchase Requests (MIPRs), travel orders, purchase orders, a memorandum of understanding, and contract data. Those documents were dated from September 1997 through July 1999. We traced selected obligation documents to computer reports generated by STANFINS, the Database Commitment Accounting System, and the Security Assistance Army Management System (SAAMSS). Additionally, we reviewed local computer-generated spreadsheets and interviewed personnel responsible for the execution of the counterdrug budget. See Appendix C for details.

**Navy.** We judgmentally selected three Navy Components and five counterdrug project codes that received counterdrug funding during FY 1999 for review. We reviewed the Navy's procedures for planning, estimating, executing, and reporting its counterdrug budget. We reviewed FADs, MIPRs, purchase orders, contracts and contract modifications, monthly financial status reports, laws, and other data necessary to achieve the audit objectives. Those documents were dated from September 1994 through December 1999. We also interviewed personnel responsible for execution of the counterdrug budget. See Appendix D for details.

**Air Force.** We judgmentally selected commands that received FY 1999 counterdrug funding for review. We reviewed FY 1999 Air Force funding and obligation documents, obligation reports, and source documents. The source documents included Fund Cite Authorization, MIPRs, travel orders, International Military Purchase Authority Card purchases, and travel vouchers. Those documents were dated from September 1998 through October 1999. We interviewed personnel responsible for the execution of the counterdrug budget and performed computer inquiries. See Appendix E for details.

**National Guard Bureau.** We reviewed the procedures used by the Guard to control and account for its FY 1998 counterdrug funding. Our review focused on the Army Guard. Documents and data that we reviewed included funding authorizations, travel orders, MIPRs, local computer-generated spreadsheets, and reports produced by SABERS and CMIS. Those documents were dated from October 1997 through July 1999. We interviewed Guard personnel responsible for execution of the counterdrug budget. We also interviewed personnel at Guard headquarters. See Appendix F for details.



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**DoD-Wide Corporate Level Government Performance and Results Act Coverage.** In response to the Government Performance and Results Act, the Secretary of Defense annually establishes DoD-wide corporate level goals, subordinate performance goals, and performance measures. This report pertains to the achievement of the following goal and subordinate performance goal:

**FY 2001 DoD Corporate Level Goal 2:** Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploring the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. (01-DoD-2)

**FY 2001 Subordinate Performance Goal 2.5:** Improve DoD financial and information management. (01-DoD-2.5)

**High-Risk Area.** The General Accounting Office identified several high-risk areas in DoD. This report provides coverage of the Defense Financial Management high-risk area.

**Use of Computer-Processed Data.** We relied on computer-processed data from the accounting systems at each Defense Component visited to determine the amount of funding received and obligations recorded. Although we did not perform a formal reliability assessment of the computer-processed data, we determined that the funding received by the Defense Components and obligations reported agreed with the information in the computer-processed data. We did not find any errors that would preclude use of the computer-processed data to meet the audit objectives or that would change the conclusions in this report.

**Audit Type, Dates, and Standards.** We performed this financial-related audit from September 1999 through January 2000 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. Additional field work for the Army, the Florida Guard, and the Texas Guard was performed from June through August 1999.

**Contacts During the Audit.** We visited or contacted individuals and organizations within DoD. Further details are available on request.

## Prior Coverage

During the past 5 years, there has been no audit coverage on the reporting of DoD counterdrug obligations.

# Appendix B. Memorandum for Department of Defense Coordinator for Drug Enforcement Policy and Support



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-2885

January 31, 2000

## MEMORANDUM FOR DEPARTMENT OF DEFENSE COORDINATOR FOR DRUG ENFORCEMENT POLICY AND SUPPORT

SUBJECT: Attestation Review of the January 14, 2000, DoD FY 1999 Drug Control Obligations Report (Report No. D-2000-901)

We are providing this memorandum in response to Public Law 105-277, "The Office of National Drug Control Policy Reauthorization Act." The law requires the Office of the Inspector General to authenticate the DoD accounting of funds expended on the National Drug Control Program before submission of such accounting to the Director, Office of National Drug Control Policy. The Office of National Drug Control Policy (ONDCP) Circular "Annual Accounting of Drug Control Funds," December 17, 1999, provides the policies and procedures to be used for reporting and authenticating all funds obligated by DoD on National Drug Control Program activities.

In accordance with the ONDCP Circular, the Office of the Inspector General was to review the DoD FY 1999 Drug Control Obligations Report (the FY 1999 Report) and related management assertions on drug control methodology, application methodology, and financial planning and attest to the reliability of the report. Our attestation review was conducted in accordance with the standards established by the American Institute of Certified Public Accountants. An attestation review is substantially less in scope than an examination. The objective of an examination is to express an opinion. Accordingly, we do not express such an opinion. Additionally, the scope of the attestation review of the FY 1999 Report was limited because of the untimely issuance of the ONDCP Circular and the delayed receipt of the FY 1999 Report from your office. The FY 1999 Report was received on January 18, 2000.

We cannot attest to the Table of Obligations at Tab A of the report. The FY 1999 Report was manually prepared from data submitted by the Military Departments and other DoD agencies and not from official DoD accounting systems. We can attest that the ONDCP approved the transfer of an additional \$45 million to the Central Transfer Account from the Defense Working Capital Fund to augment counterdrug funding to support the withdrawal and reconstitution of forces from Panama. We did not perform a review of the OPTEMPO obligations as shown in Tab A because OPTEMPO funds are allocated directly to the Military Departments and not through the DoD Central Transfer Account. However, we can attest that the methodologies used to develop the Table of Obligations, as described in Tab B, do appear reasonable based on audit work performed.

The FY 1999 Report was not completed in accordance with the ONDCP Circular. The FY 1999 Report did not include required information regarding DoD personnel resources used on drug control programs, the percentage of the DoD total budget used on counterdrug programs, and a table of management assertions. Further, the FY 1999 Report was incomplete in regard to listing all accounting systems used and the material management control weaknesses of the accounting systems.

Nothing came to our attention during our review that caused us to believe that the obligations reported were used for purposes other than the National Drug Control Program. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We appreciate the courtesies extended to the review staff. Questions on the review should be directed to Mr. Robert M. Murrell at (703) 604-9210 (rmurrell@dodig.osd.mil) or Mr. Albert L. Putnam at (703) 604-8779 (aputnam@dodig.osd.mil).

*David K. Steensma*

David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

Attachment:  
DoD FY 1999 Drug Control Obligations Report

cc:  
Director, Office of Programs, Budget, Research and Evaluations, ONDCP

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## Appendix C. Army Counterdrug Program

### Joint Interagency Task Force East

The Joint Interagency Task Force East (JIATF-E), located in Key West, Florida, is responsible for the detection, monitoring, and handoff of suspected drug traffickers. It also is responsible for coordinating counterdrug operations and supporting foreign and domestic law enforcement agencies to achieve an effective and coordinated counterdrug effort in the U.S. Southern Command area of responsibility.

**Counterdrug Funding Controls.** The counterdrug funding for JIATF-E comes from DEP&S through the Army Staff to the U.S. Southern Command. The Southern Command issues funding to JIATF-E on a FAD, identified by program. For FY 1998, Program 135000 (Active Army Support to Counterdrug Activities) was funded at \$14.6 million. That is the JIATF-E mission funding (counterdrug project code 3306). When a FAD is received, JIATF-E sends a Funding Resource Authorization Schedule document to the Defense Finance and Accounting Service. That document identifies the applicable account processing code and its funding. The account processing code is used to identify and track the counterdrug funds in STANFINS. As of September 30, 1999, FY 1998 counterdrug obligations for JIATF-E in STANFINS totaled \$14.6 million, which agreed with the amount that the Army reported to DEP&S.

**Database Commitment Accounting System.** JIATF-E uses the Database Commitment Accounting System to enter obligation data. The system interfaces with STANFINS and maintains a transaction history. Two cost elements (contracted services, \$6.4 million; and civilian pay, \$3.5 million) accounted for about \$10 million of the \$14.6 million JIATF-E counterdrug budget. We reviewed supporting documentation for about \$4.7 million of obligations for contracted services and found no material problems. The majority of the obligations were for computer hardware and software support, technical assistance, and programming and engineering support.

Personnel at JIATF-E stated that the same management controls were in effect for controlling the FY 1999 budget. The \$36.5 million FY 1999 JIATF-E budget had increased from the FY 1998 \$14.6 million to support the consolidation of operations with JIATF-South. The implementation of the Panama Canal Treaty resulted in the withdrawal of all U.S. troops from Panama; JIATF-South was dissolved and merged with JIATF-E.

**Conclusion.** The management controls over JIATF-E counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by JIATF-E as obligated were materially misstated.

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## Joint Task Force Six

The mission of Joint Task Force Six (JTF-6), located at Fort Bliss, Texas, is to synchronize and integrate DoD operational and technological support, as well as training and intelligence support, to domestic law enforcement agencies' counterdrug efforts in the continental United States to reduce the availability of illegal drugs in the United States.

**Counterdrug Funding Controls.** The JTF-6 counterdrug budget is distributed from DEP&S through the Army Staff to the U.S. Army Forces Command. JTF-6 has responsibility for three counterdrug project codes. For FY 1998, project code 2105 (Command, Control, Communications, and Computers) had funding of about \$1.7 million. That project code supports operation, maintenance, and upgrade of computer and communication equipment. Project code 2105J, with FY 1998 funding of \$0.3 million, supports Joint Military Intelligence Program training. Project code 2435, with FY 1998 funding of \$16.3 million, supports the JTF-6 counterdrug operational missions, base operations, and JTF-6 civilian payroll.

**Tracking and Control of Counterdrug Funding.** JTF-6 uses STANFINS to record its counterdrug obligations. In order to account and track detailed obligation transactions, JTF-6 instituted a locally developed PC-based system. JTF-6 reconciles the information in that system to the obligation data produced by STANFINS. The obligation amount recorded in STANFINS at the end of FY 1998 was \$18.3 million, which was in agreement with the locally developed tracking system. The amount reported by the Army to DEP&S was \$18.4 million (which included \$0.1 million executed by the U.S. Army Forces Command under project code 2105).

During FY 1998, more than \$11 million of the JTF-6 obligations were accomplished through the use of MIPRs. We obtained and reviewed the supporting data for about \$5.3 million of the FY 1998 MIPRs. Each MIPR issued identified the services or support to be provided, as well as the particular counterdrug mission(s) it supported.

The JTF-6 tracking and control log provides additional control by tracking individual mission costs. For each mission, the log lists every MIPR, purchase order, or other cost associated with that mission. Tracking individual mission costs provides JTF-6 management with additional controls over the counterdrug budget, and also provides visibility as to where its counterdrug budget is being expended.

**Conclusion.** In October 1999, the JTF-6 Resource Management Office stated that the same management controls were being used for FY 1999. The management controls over JTF-6 counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by JTF-6 as obligated were materially misstated.

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## Counternarcotics Command and Management System

The Counternarcotics Command and Management System (CNCMS) program office is located at Fort Belvoir, Virginia. CNCMS is a secure voice and data communications backbone that provides strategic and tactical capabilities in support of DoD, law enforcement agencies, and cooperating nations involved in the counterdrug effort throughout the U.S. Southern Command.

**Counterdrug Funding and Control.** The funding for the CNCMS program office comes through the U.S. Army Communications-Electronics Command. During FY 1999, the CNCMS program received counterdrug funding of about \$14.9 million in Operation and Maintenance funding. The program also received about \$2 million in Procurement funding. Our review focused on the Operation and Maintenance funding. CNCMS receives its funding by project code. The counterdrug project code for CNCMS is 2440.

We reviewed the MIPRs and purchase requests that supported the budget execution. The records at the CNCMS program office showed that about \$14.9 million was obligated during FY 1999. The Army reported to DEP&S that \$14.5 million had been obligated. We did not feel that the variance was material; therefore, we did not pursue the reason for the variance. Of the \$14.9 million reported as obligated by the CNCMS program office, about \$9.9 million was for an Operation and Maintenance support contract. An additional \$3.7 million was obligated to the Department of State Diplomatic Telecommunications Service program office. That office provides leased circuitry for voice and data communications between its Beltsville Information Management Center and selected overseas locations to support the CNCMS program. Those two activities account for \$13.6 million of the \$14.9 million that had been obligated during FY 1999. The remainder of the obligations was for miscellaneous technical support and travel associated with the CNCMS program.

**Conclusion.** The management controls over CNCMS counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by CNCMS as obligated were materially misstated.

## Ground Based End Game Operations

The purpose of Ground Based End Game Operations (GBEGO)-Source Nations, project code 9201, and GBEGO-Mexico, project code 9203, is to provide military and aviator training to military personnel of the governments of Mexico, Peru, and Colombia. The Security Assistance Training Field Activity (SATFA), an element of the U.S. Army Training and Doctrine Command (the Training Command), manages those two project codes. SATFA is located at Fort Monroe, Virginia. Training sites include Fort Benning, Georgia; Fort

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Rucker, Alabama; Fort Eustis, Virginia; and Fort Gordon, Georgia. By law, training under this program can only be provided to personnel involved in counterdrug operations.

**Counterdrug Funding.** The counterdrug funding for the two GBEGO programs is distributed to the Training Command from DEP&S through the Army Staff. The funding is included with the Training Command's total counterdrug budget. When the Training Command receives the funding authorization from the Army Staff, it issues FADs to SATFA for the portion of the funding that is applicable to the GBEGO programs.

During FY 1999, the GBEGO programs were funded and reported as obligated at a combined total of \$4.9 million (\$1 million for project code 9201 and about \$3.9 million for project code 9203). The GBEGO-Mexico project includes about \$0.7 million for Spanish-speaking instructor helicopter pilots. The instructor pilot funds are sent directly to Fort Rucker by the Training Command and are not controlled by SATFA.

**Controls Over the Funding.** The facilities that provide the training for the GBEGO programs are reimbursed at a fixed course-cost per student. SATFA controls the funding at the individual student level and identifies all costs associated with a particular student. SATFA uses SAAMSS to track the costs associated with the GBEGO programs. SATFA assigns each student a unique worksheet control number, and SAAMSS tracks the costs by this number. The system tracks the costs for each course taken, as well as any entitlements for travel and living expenses. SATFA appends a letter to the end of the worksheet control number to identify and separate the individual cost elements. For example, a student having worksheet control number S781, taking two courses and incurring travel and living expenses, would be tracked in SAAMSS as S781A for one course and the associated cost, S781B for the other course and the associated cost, and S781C for the travel and living expenses.

SATFA maintains a PC-based spreadsheet that tracks each FAD received from the Training Command and each obligation recorded. The spreadsheet is used by SATFA to reconcile the amounts recorded in SAAMSS and in STANFINS. We were able to reconcile the obligation amounts from the spreadsheet of \$1 million for project code 9201 and \$3.2 million for project code 9203 to SAAMSS and STANFINS. The total amount of obligations for both programs, including \$0.7 million for the Spanish-speaking instructor pilots, was \$4.9 million, which was in agreement with the amount that the Army reported to DEP&S in the year-end report.

**Conclusion.** The management controls over GBEGO counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by GBEGO as obligated were materially misstated.

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## Appendix D. Navy Counterdrug Program

We reviewed five counterdrug projects at three Navy organizations. The audit results are presented by Navy organization visited.

### Naval Sea Systems Command

We visited the Naval Sea Systems Command headquarters (Sea Command), located in Arlington, Virginia, which manages project code 9201, GBEGO, and project code 9494, Support for Counterdrug Activities in Peru and Colombia.

**Counterdrug Funding Controls.** The counterdrug funding for the Sea Command comes from the Navy Comptroller on a FAD. When the Sea Command receives funding on a FAD, the comptroller enters the data in the Standard Accounting and Reporting System-Field Level, which provides the means to track counterdrug funds through the life cycle of the appropriation at the organization level. The codes used to record those transactions separate the funding by cost and sub-cost centers.

During FY 1999, the Sea Command received \$3.7 million in Operation and Maintenance funds for project code 9201. The Sea Command received \$6.2 million in Operation and Maintenance funds and \$8.3 million in Procurement funds for project code 9494. The Sea Command reported total FY 1999 counterdrug Operation and Maintenance obligations of \$7 million, and it did not obligate any of its Procurement funds during FY 1999. The Sea Command suballocated \$2.8 million of the Operation and Maintenance funds it received for project code 9201 to the Naval Surface Warfare Center to provide A-37 aircraft training to Colombian foreign military students. The remaining \$0.9 million of funding for project code 9201 was used to provide transportation and other related support for equipment furnished to the governments of Peru and Colombia. Operation and Maintenance funds for project code 9494 were used to provide individual combat and miscellaneous equipment to the counterdrug battalions of the Colombian army.

Procurement funds for project code 9494, which are available for obligation for 3 years, were planned to provide riverboat equipment, spare parts, and other equipment to enhance the counterdrug operations of the Colombian and Peruvian governments.

**Conclusion.** The management controls over Sea Command counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by the Sea Command as obligated were materially misstated.



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## Naval Space Command

We visited the Naval Space Command (Space Command), located at Dahlgren, Virginia, which manages project code 3217, Relocatable Over The Horizon Radar (Radar), for the Navy. The Radar is employed solely as a means of detecting illegal drug shipments approaching the United States from the Caribbean. During FY 1999, two Radars were operating, and a third was being prepared to begin operating.

**Counterdrug Funding Controls.** FY 1999 counterdrug funding was distributed to the Space Command by Navy Components, which received their funding from the Navy Comptroller. Funding is provided to the Space Command on a FAD or a MIPR. When the Space Command receives funding, its financial management organization, the Fleet Surveillance and Support Command, enters the data into the Standard Accounting and Reporting System-Field Level, which provides the means to track counterdrug funds through the life cycle of the appropriation at the organization level. The codes used to record those transactions separate the funding by cost and sub-cost centers. During FY 1999, the Space Command received \$36.3 million in Operation and Maintenance funds and \$2.3 million in Procurement funds (totaling \$38.6 million) for project code 3217. During FY 1999, the Space Command reported total FY 1999 counterdrug obligations of \$37.3 million.

The Space Command issued a cost-plus-award-fee contract for Operation and Maintenance of the operational Radars and for assistance in getting the third Radar operational. The contract was awarded using FY 1995 funds and included a 1-year performance period, as well as four contract options to extend the term of the contract for an additional year. The contract options were exercised, using Operation and Maintenance funds of the fiscal year in which the option was exercised. For costs related to FY 1999, the total obligations on the contract were \$14.6 million. The Space Command also suballocated some of the funds to other organizations. We did not visit those other organizations to examine the detailed records showing what the funds were used for. However, the Space Command received monthly status reports from supporting organizations that it funded and personnel at Space Command headquarters provided data from the Standard Accounting and Reporting System-Field Level that showed the total Operation and Maintenance funds obligated as of October 12, 1999, was \$36.6 million. That amount agreed with the Operation and Maintenance amount reported as obligated in the consolidated FY 1999 annual Navy counterdrug status report.

**Conclusion.** The management controls over Space Command counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by the Space Command as obligated were materially misstated.

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## Naval Surface Warfare Center

We visited the DoD Counterdrug Technology Development Program Office (Technology Center), located at the Naval Surface Warfare Center facility in Dahlgren, Virginia. The Technology Center was partly responsible for the management of four different Navy counterdrug projects, including Counterdrug Research and Development (project code 1403), GBEGO (project code 9201), Colombia Surveillance Aircraft (project code 9491), and Support for Counterdrug Activities in Peru and Colombia (project code 9494).

**Counterdrug Funding Controls.** The Naval Air Systems Command and the Sea Command, which received funding from the Navy Comptroller, distributed funding to the Technology Center. All counterdrug funding was distributed by project code, and funds could not be transferred from one project code to another without the prior approval of DEP&S. During FY 1999, the Technology Center received and obligated \$19.7 million in RDT&E funds for project codes 1403 and 9491; \$8 million in Operation and Maintenance funds for project codes 9201 and 9491; and \$5.2 million in Procurement funds for project code 9494.

The Technology Center suballocated most of the counterdrug funds it received to other organizations for execution through MIPRs. We did not visit those other organizations for detailed review of their use of the funds. The Technology Center received monthly financial status reports from organizations that it sent funds to during FY 1999. We collected documents showing plans to spend the funds for surveillance aircraft upgrades, surveillance aircraft services, training of foreign military aircraft pilots, counterdrug information analysis, and upgrades to automated data processing systems used to process counterdrug information.

**Conclusion.** The management controls over the Technology Center's counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by the Technology Center as obligated were materially misstated.

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## Appendix E. Air Force Counterdrug Program

**Controls Over Funds.** The commands we visited used BQ, CBAS, or the Tracs Financial System to track counterdrug funding. When counterdrug funding was received, operating personnel entered the available funding into the tracking system and prepared funding documents to inform the counterdrug program offices and Subordinate Commands of the availability of funds. Upon notification of available funding, operating personnel loaded the funds into the BQ system by project code. To obligate counterdrug funds, operating personnel prepared obligation documents, loaded the commitments and obligations into the BQ system, and sent hard copies of the obligation documents to their servicing Defense Finance and Accounting Service centers. The BQ system interfaces with the Defense Finance and Accounting Service accounting systems, but reports are not considered to be from an official accounting system. The BQ system also interfaces with either WinBAS or MicroBAS (WinBAS is the Windows-based version of MicroBAS), which are both subsets of the CBAS system and are used at the base level. WinBAS and MicroBAS are read-only systems and are used to extract reports out of the BQ system. WinBAS and MicroBAS also interface with CBAS, giving operating personnel at the parent commands read-only access to the BQ system, allowing them to monitor funding and obligations at the counterdrug program offices and Subordinate Commands. Additionally, because of that interface, they can use CBAS to extract Subordinate Command funding and obligation reports from the BQ system for reporting purposes. The Subordinate Commands also maintain obligations on their local computer spreadsheets.

The Air Force required prior approval from DEP&S to transfer funds between project codes. The Air Force had authority to transfer funds from one command to another if the transfer was within the same project code. The Air Force authorized its commands to transfer funds within the same project code from one Subordinate Command to another without prior approval from the Air Force. The Subordinate Commands could only transfer funds to different cost elements within the same project code. For example, the Subordinate Commands could transfer funds targeted for travel to buy supplies within the same project code.

**Accounting for Obligations.** The Air Force had effective procedures for recording obligations. The Subordinate Commands entered the commitments and obligations into the BQ system. The obligation documents contained a fund citation, which included information that identified the Subordinate Command, the cost center within the Subordinate Command, and the project code to be charged. The Subordinate Commands we visited did not receive obligation reports from the Defense Finance and Accounting Service. As a result, the Subordinate Commands also maintained their own local spreadsheets to track their obligations. Those spreadsheets were periodically compared to reports from the BQ system and discrepancies were reported to the servicing Defense Finance and Accounting Service centers for investigation and correction. We relied on information generated from BQ, CBAS, and the Tracs Financial System and also from spreadsheets processed and maintained by the Subordinate Commands. We did not perform any system control reviews to determine the

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reliability of the systems. However, nothing came to our attention during the audit to indicate that the data generated from the systems was not reliable. The FY 1999 counterdrug obligations reported by the Air Force were incurred to support the DoD National Drug Control Program. We used the Air Force FY 1999 funding and obligation reports to determine if the management controls were in place to ensure that the counterdrug funds obligated by the Air Force were used for the purpose intended by Congress.

**Accuracy of Obligations.** The Air Force reported to DEP&S a total obligated amount of about \$112.5 million. It received \$112.1 million in Operation and Maintenance funding. The counterdrug funds allocated to the commands were the “floor” and not the “ceiling.” As a result, seven commands that received counterdrug funding used noncounterdrug funds to supplement their counterdrug programs, while six did not obligate all of their Operation and Maintenance counterdrug funds. Also, one Subordinate Command did not report the noncounterdrug funds it used to supplement its counterdrug program. However, we did not consider the amounts reported as overobligated or underobligated to be material amounts and did not conduct additional audit work. There were no overobligations in the Air Force Procurement and RDT&E funding.

**Conclusion.** The management controls over Air Force counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by the Air Force as obligated were materially misstated.

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## Appendix F. National Guard Bureau Counterdrug Program

**Funding.** During FY 1999, the Guard received about \$222 million in counterdrug funding. About \$181 million (over 80 percent) was Military Personnel funding, which paid salary and travel expenses for active duty Guard members involved in the counterdrug program. Our review focused primarily on the Army Guard because it received the majority of the funding.

Each of the 54 Army Guard Components received its counterdrug funding from DEP&S through the Army Readiness Center. Each State had a Counterdrug Coordinator who was responsible for executing and controlling the State's counterdrug budget. The counterdrug budget was received by each State's U.S. Property and Fiscal Officer, who then forwarded the funding authority to the counterdrug office on a FAD. The Army Guard separated and controlled its counterdrug funds using Modified Army Management Structure Codes (MAMSCOs). The FAD identifies each MAMSCO and its authorized funding amount. Each counterdrug project code has unique MAMSCOs that identify the project and funding type. For example, drug interdiction support has two main MAMSCOs assigned: MAMSCO 2M11 accounts for the project's Military Personnel funding, and MAMSCO 51.70 accounts for the project's Operation and Maintenance funding. The State cannot transfer funding between MAMSCOs or between the Army and Air National Guard without approval from DEP&S. All requests for approval must be submitted through Guard headquarters.

**Florida Army National Guard.** We reviewed the Florida Guard's FY 1998 counterdrug budget. The Florida Guard received \$4.2 million in Operation and Maintenance funding and \$5.3 million in Military Personnel funding. We focused our review on the Operation and Maintenance funds. Of the \$4.2 million, about \$3.9 million was for a Multi-Jurisdictional Task Force Training Program cooperative agreement between the Guard and the State of Florida (MAMSCO 51.74). That agreement was unique and the Florida Guard was the only Guard Component that received funding under MAMSCO 51.74. The training program was conducted at St. Petersburg Community College. Monthly, the college submitted a request for payment that the Florida Guard reviewed for approval. The Guard maintained a ledger of all payment requests and disbursements, as well as a file containing supporting documentation. We found no indication that the \$3.9 million received by the Florida Guard under MAMSCO 51.74 was used for any purpose other than to support the Multi-Jurisdictional Task Force Training Program.

As of June 1999, the Florida Guard reported \$4.1 million in obligations for Operation and Maintenance and \$5.1 million for Military Personnel. Those amounts agreed with documentation that we received from the Army Readiness Center.

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**Texas Army and Air National Guard.** For FY 1998, the Texas Guard counterdrug program received \$10.4 million in Military Personnel funding and about \$0.7 million in Operation and Maintenance funding. Our review concentrated on the Military Personnel funding. We used the Counterdrug Management Information System (CMIS) to conduct our review because SABERS does not maintain a detailed transaction ledger. CMIS is a Guard system designed exclusively to account for and track the states' counterdrug budget expenditures. The CMIS database maintains detailed mission costs. It records mission costs by individual cost elements such as pay, Operation and Maintenance expenses, flying hour costs, and travel expenses. It also tracks officer and enlisted staff days expended. We reviewed a CMIS summary report for Military Personnel expenditures for all of the FY 1998 missions. The report showed a total of \$14.2 million, which included both Army and Air National Guard expenditures. We combined the total of Military Personnel MAMSCOs from SABERS for the Army Guard with Military Personnel obligations that were reported by the Air National Guard on its year-end status of funds report. The combined total, \$14.3 million (\$10.3 million for the Army Guard and \$4 million for the Air National Guard), agreed closely to the amount reported in CMIS.

The Texas Guard's counterdrug program budget office also maintained a locally created database to track the counterdrug Military Personnel expenditures by month. The local database showed a total of \$10.2 million, which was in close agreement with the Military Personnel total of \$10.3 million reported in SABERS. The minor discrepancy between the amounts is attributable to transactions that had taken place between the "as of" dates of the reports.

**Conclusion.** The management controls over Guard counterdrug funds appeared to be reasonable. During our limited review, we found no material problems that would lead us to believe that the counterdrug funds were being obligated for purposes other than intended, or that the dollar amounts reported by the Guard as obligated were materially misstated.

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## **Appendix G. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense for Acquisition, Technology, and Logistics  
Director, Defense Logistics Studies Information Exchange  
Under Secretary of Defense for Policy  
Assistant Secretary of Defense (International Security Affairs)  
Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support)  
Under Secretary of Defense (Comptroller)  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)

### **Department of the Army**

Commander, U.S. Army Communications-Electronics Command  
Project Director, Counternarcotics Command and Management System  
Commander, U.S. Army Training and Doctrine Command  
Director, Security Assistance Training Field Activity  
Chief, National Guard Bureau  
Auditor General, Department of the Army

### **Department of the Navy**

Commander, Naval Sea Systems Command  
Commander, Naval Space Command  
Commander, Naval Surface Warfare Center  
Naval Inspector General  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Auditor General, Department of the Air Force

### **Unified Commands**

Commander, Joint Interagency Task Force East  
Commander, Joint Task Force Six

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## **Other Defense Organization**

Director, Defense Finance and Accounting Service

## **Non-Defense Federal Organizations**

Office of Management and Budget

Director, Office of National Drug Control Policy

General Accounting Office

National Security and International Affairs Division

Technical Information Center

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

House Committee on Armed Services

House Committee on Government Reform

House Subcommittee on Government Management, Information, and  
Technology, Committee on Government Reform

House Subcommittee on National Security, Veterans Affairs, and International  
Relations, Committee on Government Reform



# Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) Comments



## OFFICE OF THE DEPARTMENT OF DEFENSE COORDINATOR FOR DRUG ENFORCEMENT POLICY AND SUPPORT

1510 DEFENSE PENTAGON  
WASHINGTON DC 20301-1510

17 MAY 2000

### MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on the Management Controls Over National Drug Control Program  
Funds Managed Through the DoD Central Transfer Account (Project No 9LH-  
5032)

I concur with the findings and recommendation of the draft report. In accordance with the recommendation, I will coordinate with the Under Secretary of Defense (Comptroller) to ensure that when the DoD accounting systems are upgraded or replaced to comply with applicable Federal and DoD requirements, those systems can produce the necessary source data for preparing the annual report to the Office of National Drug Control Policy required by Public Law 105-277.

The Department appreciates the opportunity to review the draft IG report. My point of contact for further questions is Ms. Silvia Serban or Ms. Jeanine Fleming within the Programs, Resources and Assessments Directorate at (703) 693-1919/8.

A handwritten signature in cursive script, appearing to read "Ana Maria Salazar".

Ana Maria Salazar  
Deputy Assistant Secretary of Defense for  
Drug Enforcement Policy and Support





## **Audit Team Members**

The Readiness and Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Personnel of the Office of the Inspector General, DoD, who contributed to the report are listed below.

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